

**Thursday, May 22, 2014**

The Board met at its offices at 450 N Street, Sacramento, at 10:02 a.m., with Ms. Steel, Vice Chairwoman, Ms. Yee, Mr. Runner and Mr. Chiang present.

The Board recessed at 10:03 a.m. and reconvened at 10:08 a.m. with Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang present.

### **BOARD MEMBER ANNUAL PHOTOGRAPH**

The annual Board photograph was taken.

### **PROPERTY TAX MATTER**

#### **STATE ASSESSED PROPERTIES VALUE SETTING**

Ken Thompson, Chief, State-Assessed Properties Division, Property and Special Taxes Department, was available to answer questions regarding the valuation of state-assessed properties.

#### **Electric Generation Facilities**

Action: Upon motion of Ms. Yee, seconded by Mr. Chiang and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, Ms. Steel not participating in accordance with Government Code section 87105 in *1126, Elk Hills Power, LLC*, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

1100	AES Alamitos, LLC	187,300,000
1101	AES Redondo Beach, LLC	129,700,000
1102	AES Huntington Beach, LLC	74,200,000
1103	Dynegy Moss Landing, LLC	399,100,000
1106	Cabrillo Power I, LLC	100,000,000
1107	Cabrillo Power II, LLC	9,140,000
1108	NRG Potrero, LLC	18,700,000
1109	NRG Delta, LLC	70,200,000
1110	El Segundo Power, LLC	13,300,000
1111	Long Beach Generation, LLC	61,900,000
1112	La Paloma Generating Company, LLC	300,200,000
1113	NRG California South, LP - Coolwater	24,100,000
1114	NRG California South, LP - Mandalay	39,300,000
1115	NRG California South, LP - Ormond Beach	102,800,000
1116	NRG California South, LP - Etiwanda	22,000,000
1118	Dynegy South Bay, LLC	100,000
1122	GWF Energy, LLC - Hanford	40,400,000
1123	GWF Energy, LLC - Henrietta	38,500,000
1124	GWF Energy, LLC - Tracy	222,000,000
1126	Elk Hills Power, LLC	290,500,000
1127	High Desert Power Trust 2000-A	211,800,000
1128	Delta Energy Center, LLC	289,100,000

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1129	Gilroy Energy Center, LLC	50,300,000
1131	Pastoria Energy Facility, LLC	394,800,000
1132	CCFC Sutter Energy, LLC	122,800,000
1133	Metcalf Energy Center, LLC	215,600,000
1137	Sunrise Power Company, LLC	142,000,000
1141	Indigo Generation, LLC	46,900,000
1142	Larkspur Energy, LLC	40,600,000
1143	Los Esteros Critical Energy Facility, LLC	293,300,000
1145	Harbor Cogeneration Company, LLC	4,410,000
1146	CES Placerita, Inc.	442,000
1148	Inland Empire Energy Center, LLC	364,700,000
1149	Caithness Blythe II, LLC	608,000
1150	Midway Power, LLC	3,750,000
1151	Russell City Energy Company, LLC	502,100,000
1152	Panoche Energy Center, LLC	329,900,000
1153	Midway Peaking, LLC	71,300,000
1154	Bicent (California) Malburg, LLC	78,300,000
1155	Orange Grove Energy, L.P.	68,300,000
1156	Avenal Power Center, LLC	1,650,000
1157	NRG Marsh Landing, LLC	756,500,000
1158	El Segundo Energy Center, LLC	578,100,000
1159	Mariposa Energy, LLC	166,800,000
1160	CPV Sentinel, LLC	798,200,000
1161	Oakley Generating Station	5,080,000
1162	Walnut Creek Energy, LLC	508,400,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

1104	Dynegy Morro Bay, LLC	18,000,000
1105	Dynegy Oakland, LLC	2,370,000
1117	NRG California South, LP - Ellwood	6,590,000
1134	Otay Mesa Generating Company, LLC	344,500,000
1136	Blythe Energy, LLC	447,500,000

### Energy Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

101	Golden State Water Company	674,700,000
103	Anza Electric Cooperative, Inc.	14,500,000
104	Central Valley Gas Storage, LLC	70,900,000

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106	PacifiCorp	207,000,000
121	Gill Ranch Storage, LLC	133,600,000
125	Terra-Gen Dixie Valley, LLC	3,410,000
135	Pacific Gas and Electric Company	24,680,000,000
141	San Diego Gas & Electric Company	7,611,000,000
146	Sierra Pacific Power Company	84,000,000
148	Southern California Edison Company	20,300,300,000
149	Southern California Gas Company	3,956,900,000
152	Southwest Gas Corporation	222,600,000
153	Transwestern Pipeline Company	535,000
156	DATC Path 15, LLC	115,700,000
160	Valley Electric Association, Inc.	162,800
163	Liberty Utilities (Calpeco Electric), LLC	155,600,000
173	Surprise Valley Electrification Corp.	14,500,000
176	Plumas-Sierra Rural Electric Cooperative	69,100,000
180	North Baja Pipeline, LLC	73,600,000
187	Mojave Pipeline Company	39,300,000
188	Kern River Gas Transmission Company	237,900,000
189	Standard Pacific Gas Line, Inc.	32,800,000
190	Tuscarora Gas Transmission Company	61,100,000
191	Arizona Public Service Company	2,190,000
192	Alpine Natural Gas Operating Company No. One, LLC	1,490,000
193	Southwest Transmission Cooperative, Inc.	763,000
194	West Coast Gas Company, Inc.	792,000
195	Wild Goose Storage, LLC	205,300,000
197	El Paso Natural Gas Company	34,400,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

119	Trans Bay Cable, LLC	525,100,000
196	Questar Southern Trails Pipeline Company	5,900,000
198	Lodi Gas Storage, LLC	170,200,000

### Pipeline Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, Ms. Steel not participating in accordance with Government Code section 87105 in 429, *Chevron U.S.A., Inc.*; 465, *Plains Pipeline, LP*; 467, *Phillips 66 Company*; 469, *San Ardo Pipeline Company*; 476, *Chevron USA, Inc.*; 479, *Chevron Pipeline Company*; 486, *Pacific Pipeline System, LLC*; 488, *Plains West Coast Terminals, LLC*; and, 489, *Vintage Production California LLC*; the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

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402	CALNEV Pipe Line LLC	70,000,000
407	Valero Refining Company - California	788,000
409	West Coast Pipe Lines	209,400,000
410	Homestake Mining Company of California	33,000
412	Kings County Canal Company	1,090,100
428	CPN Pipeline Company	42,700,000
429	Chevron U.S.A., Inc.	50,900,000
461	SFPP, L.P.	411,100,000
462	Tesoro Refining and Marketing Company, LLC	1,330,000
465	Plains Pipeline, LP	38,800,000
467	Phillips 66 Company	456,000
468	Shell California Pipeline Company, LLC	6,320,000
469	San Ardo Pipeline Company	18,500,000
475	Searles Valley Minerals Operations Inc.	5,104,000
476	Chevron USA, Inc.	8,190,000
478	California Gas Gathering, Inc.	39,000
479	Chevron Pipe Line Company	45,400,000
486	Pacific Pipeline System, LLC	56,900,000
488	Plains West Coast Terminals, LLC	6,150,000
489	Vintage Production California, LLC	6,030,000
491	SMF Pipeline	5,530,000
492	San Pablo Bay Pipeline Company, LLC	93,500,000
493	Cardinal Pipeline, LP	6,350,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, Ms. Steel not participating in accordance with Government Code section 87105 in *480, Phillips 66 Pipeline, LLC*; the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

435	Natomas Central Mutual Water Company	144,100
464	Ventura Pipeline System - (Ellwood Pipeline, Inc.)	10,500,000
480	Phillips 66 Pipeline, LLC	47,800,000
490	Crimson California Pipeline, L.P.	35,300,000

### Railroad Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

802	Central Oregon & Pacific Railroad	2,170,000
804	BNSF Railway Company	1,385,000,000
808	West Isle Line, Inc.	247,000
810	California Northern Railroad	36,800,000

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812	Ventura County Railroad	2,970,000
813	Pacific Harbor Lines	25,900,000
815	Mendocino Railway	1,550,000
817	Tulare Valley Railroad	501,250
818	Central California Traction Company	7,810,000
822	Pacific Sun Railroad, L.L.C.	2,280,000
826	Sacramento Valley Railroad, LLC	3,210,000
827	Northwestern Pacific Railroad Company	2,739,000
831	Santa Cruz & Monterey Bay Railway Company	429,000
834	LRY, LLC	821,700
839	Oakland Terminal Railway Company	23,100
843	Union Pacific Railroad Company	1,951,600,000
850	Modesto & Empire Traction Company	34,700,000
857	Richmond Pacific Railroad Corporation	1,020,000
865	San Diego & Imperial Valley Railroad Co., Inc.	7,780,000
869	Coast Belle Railroad Co.	990,000
882	Trona Railway Co.	18,480,000
889	Yreka Western Railroad Co.	467,500
894	Napa Valley Wine Train, Inc.	22,000,000
896	Santa Cruz Big Trees & Pacific Railway Co.	3,289,000
897	San Joaquin Valley Railroad Company	20,100,000
898	Sierra Northern Railway	6,520,000
899	Arizona & California Railroad	2,880,000

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

835	Pacific Imperial Railroad	5,863,000
861	Quincy Railroad Company	482,000
878	Stockton Terminal and Eastern Railroad	4,500,000
883	McCloud Railway Company	2,675,000

### Interexchange Telephone Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

2014	Sprint Communications Company, L.P.	175,800,000
2099	Smart City Networks, LP	1,800,000
2274	MCI Communications Services, Inc.	400,600,000
2310	AT&T Communications	625,600,000
2368	Globe Wireless, LLC	454,000
2372	MCI Metro Access Transmission Services, LLC	126,600,000

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2376	Working Assets Funding Service, Inc.	441,000
2383	Matrix Telecom, Inc.	143,000
2416	NOS Communications, Inc.	816,200
2430	Electric Lightwave, LLC	31,000,000
2437	Dialink Corporation	18,260
2463	Qwest Communications Company, LLC	169,100,000
2470	Cincinnati Bell Any Distance, Inc.	2,500
7503	Verizon Select Services, Inc.	3,520,000
7512	Frontier Communications of America, Inc.	2,590,000
7522	tw telecom of california l.p.	176,900,000
7538	Tremcom International, Inc.	16,940
7544	Telswitch, Inc.	9,100
7560	XO Communications Services, L.L.C.	94,100,000
7580	Securus Technologies, Inc.	771,000
7581	ABS-CBN Telecom North America, Inc.	110,000
7621	SES Americom California, Inc.	3,498,000
7623	Verizon Enterprise Solutions, LLC	30,900
7631	Worldnet Communications Services, Inc.	4,300
7636	Network Telephone Services, Inc.	1,780,000
7638	Integrated Telemanagement Services, Inc.	61,500
7640	Cox California Telecom, LLC	71,000,000
7660	U.S. South Communications, Inc.	1,958,000
7686	Primus Telecommunications, Inc.	8,000
7690	CCT Telecommunications, Inc.	22,900
7705	Sierra Telephone Long Distance	1,700
7706	MegaPath Corporation	30,800,000
7732	NTT America, Inc.	16,300,000
7757	U.S. TelePacific Corp.	138,300,000
7758	BT Americas, Inc.	7,650,000
7761	Level 3 Communications, LLC	378,300,000
7766	KDDI America, Inc.	11,600,000
7778	Zayo Group, LLC	198,500,000
7781	KT America, Inc.	322,300
7791	O1 Communications, Inc.	1,573,000
7792	Point To Point, Inc.	1,120,000
7799	Wilshire Connection, LLC	5,104,000
7800	Earthlink Business, LLC	3,940,000
7811	Public Communications Services, Inc.	411,000
7813	Advanced Telecom, Inc.	405,000
7814	PAETEC Communications, Inc.	9,940,000
7824	Audeamus	10,868,000
7832	Astound Broadband, LLC	57,500,000
7846	The Telephone Connection Local Services, LLC	3,740
7852	Telstra Incorporated	6,890,000
7866	Telmex USA, LLC	9,867,000

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7871	Verizon Online LLC	103,300,000
7876	Total Call International, Inc.	101,000
7880	Quick-Tel, Inc.	3,600
7894	Ponderosa Cablevision	3,710,000
7902	Zone Telecom, Inc.	110,000
7907	Telscape Communications, Inc.	1,380,000
7910	CBC Broadband Holdings, LLC	8,500,000
7912	Americom Government Services, Inc.	262,000
7914	McLeodUSA Telecommunications Services, Inc.	1,060,000
7916	Peak Communications, Inc.	11,800
7940	Consumer Telcom, Inc.	6,600
7945	ZTG, Inc.	10,600
7948	Astrium Services Government, Inc.	4,030,000
7949	Call America, Inc.	62,600
7953	Openpop.com, Inc.	334,000
7955	Enhanced Communications Network, Inc.	101,000
7956	Telespan Communications, LLC	207,000
7959	Airespring, Inc.	1,350,000
7960	CallTower, Inc.	761,000
7961	SureWest Televideo	140,800,000
7969	Intelsat Global Service, LLC	12,870,000
7972	Reliance Globalcom Services, Inc.	7,590,000
7973	Alliance Payphone, Inc.	35,300
7978	Legent Communications Corporation	35,970
7982	Crown Castle NG West, Inc.	121,500,000
7985	inContact, Inc.	3,160,000
7988	Global Tel*Link Corporation	7,120,000
7990	ComNet(USA), LLC	761,000
7992	NobelTel, LLC	84,800
7993	Clear World Communications Corporation	14,190
7994	Utility Telephone, Inc.	2,460,000
7996	RuralWest - Western Rural Broadband, Inc.	247,000
7997	Edison Carrier Solutions	84,100,000
7998	Norcast Communications Corporation	315,000
7999	Purple Language Services	7,900,000
8002	Neutral Tandem - California, LLC	4,020,000
8005	Cable and Wireless Americas Operations, Inc.	748,000
8006	Lucky Communications, Inc.	13,300
8012	RB Communications, Inc.	27,100
8015	China Telecom (Americas) Corporation	17,800,000
8017	Locus Telecommunications, Inc.	651,200
8023	One Phone, Inc.	136,000
8024	TC Telephone, LLC	8,500
8027	Blue Casa Telephone, LLC	27,060
8029	IPC Network Services, Inc.	121,000

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8031	Backbone Communications, Inc.	165,000
8032	BCE Nexxia Corporation	85,900
8037	CA-CLEC, LLC	8,690,000
8038	Telecom Carrier Access, LLC	51,100
8040	Mission Telecom, Inc.	5,600
8041	DMR Communications, Inc.	69,300
8042	Paxio, Inc.	880,000
8046	HyperCube, LLC	1,890,000
8047	Syniverse Technologies, Inc.	891,000
8048	Bright House Networks Information Services (California), LLC	78,600
8049	Cbeyond Communications, LLC	16,100,000
8051	Inteltrace, Inc.	449,000
8061	Charter Fiberlink CA-CCO, LLC	18,500,000
8067	Sunesys, LLC	123,300,000
8071	Verizon Long Distance, LLC	41,100
8072	Cypress Communications, LLC	170,500
8074	Silv Communication, Inc.	48,300
8076	OPEX Communications, Inc.	93,000
8077	NewPath Networks, LLC	36,000,000
8078	U.S. Telecom Long Distance, Inc.	20,200
8080	Ymax Communications Corporation	109,890
8081	Sonic Telecom, LLC	8,910,000
8082	WTI Communications, Inc.	75,800
8083	Network Expert Group, Inc.	51,500
8084	T-Netix Telecommunications Services, Inc	23,400
8085	Cosmobridge America, Inc.	8,200
8086	ANPI, LLC	451,000
8087	Lexent Inc.	64,900
8089	Conterra Ultra Broadband, LLC	2,980,000
8090	Telecommunication Systems, Inc.	544,000
8091	Roadway Communications, Inc.	64,700
8093	Extenet Systems (California), LLC	41,900,000
8094	Affiniti, LLC	983,400
8103	LiveTV Airfone, Inc.	42,000
8104	Transpac Telecom, Inc.	5,390
8105	Astrium Services Business Communications, Inc.	157,000
8106	Raw Bandwidth Telecom, Inc.	370,000
8108	Radical System Solutions, Inc.	30,580
8109	Peerless Network of California, LLC	4,910,000
8112	Mosaic Networx, LLC	5,300
8113	Callcatchers, Inc.	656,000
8115	&TV Communications, Inc.	1,350,000
8116	PC Landing Corp.	11,700,000
8117	Syniverse ICX Corporation	5,840,000
8118	IntelePeer Cloud Communications, LLC	408,000



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8120	TELUS Communications (US), Inc.	1,050,000
8121	Certain Communications Corporation	18,500
8122	Bandwidth.com CLEC, LLC	1,016,400
8123	Blue Rooster Telecom, Inc.	87,700
8124	Impact Telecom, Inc.	109,000
8125	IXC Holdings, Inc.	3,960,000
8126	Broadview Networks, Inc.	5,100
8127	Zayo Enterprise Networks, LLC	10,700
8128	Talton Communications, Inc.	33,300
8130	United Telecom, Inc.	44,900
8133	Bestel USA, Inc.	184,000
8135	Broadvox, LLC	419,100
8136	Plumas Sierra Telecommunications	12,100,000
8137	SnowCrest Telephone, Inc.	240,000
8138	Act Tele, Inc.	2,860
8139	California Broadband Cooperative, Inc.	88,300,000
8141	CENIC Broadband Initiatives, LLC	408,000
8142	DSI-ITI, LLC	11,800
8143	Global Internetworking, Inc.	2,530,000
8144	GC Pivotal, LLC	15,300
8145	Internet Business Services, Inc.	13,900
8146	Splice Communications, Inc.	35,090
8148	Digital West Networks, Inc.	2,300,000
8149	Ztelephony	12,980
8150	OpticAccess, LLC	3,480,000
8151	CVIN, LLC	84,260,000
8153	Advanced Technology Distributors, Inc.	66,200
8154	Network Innovations, Inc.	81,100

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

2043	Pac-West Telecomm, Inc.	11,062,500
2381	Mitel NetSolutions, Inc.	78,400
7516	Cybernet Communications, Inc.	352,000
7571	Network Enhanced Technologies, Inc.	32,120
7699	Legacy Long Distance International, Inc.	853,600
7735	Pacific Centrex Services, Inc./TGEC, LLC	87,625
7769	Airnex Communications, Inc.	24,860
7845	San Carlos Telecom, Inc.	55,600
7872	Infotech Telecommunications & Network, Inc.	9,900
7913	VCOM Solutions, Inc.	199,100
7934	Telecom House, Inc.	114,000
7950	ATMC, Inc.	7,625

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7952	Advanced Tel, Inc.	4,400
7980	Teledata Solutions, Inc.	235,400
8004	Greenfield Communications, Inc.	721,600
8026	Nationwide Telecom, Inc.	47,740
8044	Intermetro Communications, Inc.	301,400
8057	Vertex Telecom, Inc.	592,900
8065	Connectto Communications, Inc.	295,900
8066	Calmtel USA, Inc.	29,040
8068	North County Communications Corp	153,750
8075	Trans National Communications International, Inc.	242,000
8079	Cal-Ore Communications, Inc.	1,960,000
8092	Global Telecom, LLC	13,860
8099	Race Telecomm	520,000
8100	Dial Long Distance, Inc.	6,625
8101	FastBlue Communications, Inc.	9,680
8102	Ekit.Com, Inc.	134,000
8107	Convergence Systems	58,740
8119	Express Telecommunications Network, Inc.	4,070
8129	Wide Voice, LLC	209,000
8131	Pacific Lightwave	83,600
8132	Calpop.Com, Inc.	1,936,000
8140	California Alliance Telecard, Inc.	48,950
8152	Broadband Dynamics, LLC	69,400
8155	Time Warner Cable Business, LLC	31,200,000
8156	Medallion Telecom, Inc.	6,800
8158	RCLEC, Inc.	239,000
8159	X2 Telecom, Inc.	3,480,000
8160	Vodex Communications Corporation	112,000
8161	Public Interest Telecom of California	3,000
8162	Citrix Communications, LLC	256,300
8163	Broadvoc CLEC	39,820

### Wireless Telephone Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

2532	Los Angeles SMSA Ltd., Partnership	869,200,000
2552	Fresno MSA Limited Partnership	98,600,000
2559	Cellco Partnership	1,149,400,000
2602	Digital Communications Network, Inc.	16,500
2605	Nova Cellular West, Inc.	7,300
2606	AT&T Mobility, LLC	2,681,000,000
2668	California RSA No. 3 Limited Partnership	11,200,000

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2669	California RSA #4 Partnership	17,200,000
2671	California Rural Service Area #1, Inc.	30,900,000
2681	Everything Wireless, LLC	413,000
2720	Sprint Telephony PCS, L.P.	1,063,800,000
2733	MetroPCS California, LLC	203,400,000
2748	T-Mobile West, LLC	1,258,900,000
2760	Fisher Wireless Services, Inc.	1,860,000
2762	Cricket Communications, Inc.	56,000,000
2772	Globalstar USA, LLC	2,120,000
2773	Accessible Wireless, LLC	418,000
2775	Nextlink Wireless, LLC	2,440,000
2783	Flat West Wireless, LLC	1,810,000
2784	Greatcall, Inc.	2,992,000
2785	Public Wireless, Inc.	191,000
2787	Mother Lode Internet, LLC	57,800
2788	NTT Docomo USA, Inc.	210,000
2790	UVNV, Inc.	426,800
2791	Tracfone Wireless, Inc.	517,000
2793	Bandwidth.com, Inc.	44,110
3002	American Messaging Services, LLC	1,170,000
3039	Fresno Mobile Radio, Inc.	311,000
3362	Madera Radio Dispatch, Inc.	428,000
3430	USA Mobility Wireless, Inc.	2,010,000
3434	The Radio Shop	21,900

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

2658	Intouch America, Inc.	81,625
2683	Pay-Less Cellular, Inc.	68,310
2794	PLDT (US) Mobility, LLC	87,700
2795	PrepaYd Wireless, Inc.	4,500
2796	ItsOn, Inc.	1,221,000

### Local Exchange Telephone Companies

Action: Upon motion of Mr. Chiang, seconded by Ms. Yee and unanimously carried, Ms. Steel, Ms. Yee, Mr. Runner and Mr. Chiang voting yes, Mr. Horton absent, the Board ordered that the market value (including penalty if applicable) to be used in the assessment of unitary property of the following listed companies as of January 1, 2014, be as follows:

201	Verizon California, Inc.	2,936,500,000
202	CenturyTel of Eastern Oregon, Inc.	62,400
203	Frontier Communications of the Southwest, Inc.	7,030,000
205	Ponderosa Telephone Co., The	33,000,000

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209	Pinnacles Telephone Co.	989,000
210	Calaveras Telephone Company	13,700,000
228	Ducor Telephone Company	4,720,000
235	Foresthill Telephone Co.	19,360,000
239	Hornitos Telephone Company	835,000
240	Happy Valley Telephone Company	757,000
246	Kerman Telephone Co.	25,740,000
279	Pacific Bell Telephone Company	6,587,700,000
284	Citizens Telecommunications Company of California, Inc.	74,300,000
286	Sierra Telephone Company, Inc.	47,200,000
294	SureWest Telephone	172,000,000
301	The Siskiyou Telephone Company	51,500,000
327	Volcano Telephone Company	24,600,000
328	Cal-Ore Telephone Co.	6,940,000
330	Winterhaven Telephone Company	938,000

The Board recessed at 10:18 a.m. and reconvened at 11:36 a.m. with Ms. Steel, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

### 2012/2013 EMPLOYEE RECOGNITION AWARD PROGRAM

Ms. Steel made introductory remarks regarding the Board of Equalization's *2012/2013 Employee Recognition Award Program*. The Members thanked recipients for their dedication and commitment to the organization. They congratulated recipients for their outstanding job performances and for being exceptional people who have done an exceptional job for the State of California. Cristina Herrera, Staff Services Manager III, Executive Projects & Services Section, External Affairs Department, and Robert McPherson, Associate Management Analyst, Executive Projects & Services Section, External Affairs Department, read the names of the award recipients and their achievements into the record.

The Board recessed at 12:14 p.m. and reconvened at 1:36 p.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

### ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 1:37 p.m. and reconvened immediately in closed session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

### CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 11126(e)), settlements (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11) and personnel matters (Gov. Code § 11126(a)).

Thursday, May 22, 2014

The Board recessed at 2:46 p.m. and reconvened immediately in open session with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

Mr. Horton announced the appointments of David Gau to the position of Chief Deputy Director, and Edna Murphy to Deputy Director, Administration Department.

## **PUBLIC HEARINGS**

### **Business Taxpayers' Bill of Rights Hearings**

Todd Gilman, Chief, Taxpayers' Rights and Equal Employment Opportunity Division, made introductory remarks regarding the Business Taxpayers' Bill of Rights hearings. Individuals have the opportunity to present ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs, including sales and use taxes, environmental fees, fuel taxes, and excise taxes, and any problems identified in the Taxpayers' Rights Advocate's Annual Report ([Exhibit 5.1](#)).

Speaker: Jesse McClellan, Attorney, McClellan Davis, LLC

Mr. Gilman entered into the record written comments from Gary P. Salamone, Editor-in-Chief Continental Features, Continental News Service and William Davenport Lewis of Lewis & Associates Law Firm ([Exhibit 5.2](#)).

Exhibits to these minutes are incorporated by reference.

### **Property Taxpayers' Bill of Rights Hearings**

Todd Gilman, Chief, Taxpayers' Rights and Equal Employment Opportunity Division, made introductory remarks regarding the Property Taxpayers' Bill of Rights hearings. Individuals have the opportunity to present their ideas, concerns, and recommendations regarding legislation, the quality of agency services, and other issues related to the Board's administration of its tax programs, including state and county property tax programs, and any problems identified in the Taxpayers' Rights Advocate's Annual Report ([Exhibit 5.3](#)).

Speakers: Carol Daum, Resident, Alpine County  
Larry Ward, Assessor, Riverside County  
Dave Peets, Assessor, Alpine County

Mr. Gilman entered into the record written comments from Fred Bottino, Taxpayer, Mariposa County ([Exhibit 5.4](#)).

### **Proposed Adoption of Amendments to Rule 133, *Business Inventory Exemption***

Richard Moon, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding the proposed amendments, which clarify that the business inventory exemption applies to space flight property, under specific circumstances ([Exhibit 5.5](#)).

Thursday, May 22, 2014

Speakers: Larry Stone, Assessor, Santa Clara County  
Albert Ramseyer, Principle Deputy County Counsel, representing the  
Los Angeles County Assessor's Office ([Exhibit 5.6](#))  
Debra Reynolds-Clark, Senior Tax Manager, United Launch Alliance  
Dennis Loper, Representative, Space X  
Marty Dakessian, Attorney, Reed Smith, Representing Space X ([Exhibit 5.7](#))

Action: Upon motion of Mr. Runner, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted amendments to Rule 133 as published.

The Board recessed at 3:56 p.m. and reconvened at 4:32 p.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

### SALES AND USE TAX APPEALS HEARINGS

James J. Barbera, Jr., 526563, 526564, 526565 (BH)  
07/01/04 to 12/31/06, \$3,356.00 Tax, \$335.00 Failure-to-file Penalty, \$335.60 Finality Penalty  
01/01/07 to 08/31/07, \$891.00 Tax, \$89.10 Failure-to-file Penalty, \$89.10 Finality Penalty  
07/01/01 to 08/31/07, \$32,916.84 Tax, \$2,196.90 Failure-to-file Penalty, \$1,094.78 Negligence Penalty, \$1,094.78 Amnesty Double Negligence Penalty, \$3,291.68 Finality Penalty, \$1,094.78 Amnesty Double Finality Penalty

For Taxpayer: James Barbera, Taxpayer

For Sales and Use Tax Department: Scott Lambert, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether adjustments are warranted to the audited amounts of unreported taxable sales.

Whether taxpayer was negligent.

Action: Upon motion of Mr. Runner, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

GEO G2 Solutions, Inc., 563641 (UT)

05/09/08, \$84,975.00 Tax

For Petitioner: Kevin E. Spry, Representative

For Sales and Use Tax Department: Andrew Kwee, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether petitioner owes use tax on its storage, use, or other consumption of the aircraft in California.

Action: Upon motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

The Board recessed at 5:10 p.m. and reconvened at 5:16 p.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

Thursday, May 22, 2014

**LEGAL APPEALS MATTERS, CONSENT**

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Alvin Wireless, Inc., 527727 (GH)

07/01/06 to 06/30/09, \$166,882.06 Tax, \$16,688.22 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Bernie Chong, 564370 (GH)

04/01/04 to 06/30/08, \$10,986.72 Penalty

Action: Redetermine as recommended by the Appeals Division.

McKinney Griff., Inc., 607201 (CH)

01/01/07 to 06/30/11, \$186,880.83 Tax, \$18,688.13 Negligence Penalty

Action: Redetermine as recommended by the Appeals Division.

Dhami JS Corporation, Inc., 781906 (STF)

July 30, 2013 Seizure Date, \$99.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Roy's Liquor & Market, Inc., 781908 (STF)

August 7, 2013 Seizure Date, \$99.95 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Silverhawk, Inc., 781525 (STF)

June 25, 2013 Seizure Date, \$47.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Patricia Anne E. Bailey and Louis Edward Snider, 781528 (STF)

July 11, 2013 Seizure Date, \$2,339.00 Approximate Value

Action: Determined that staff properly seized the tobacco products.

Monarch Consulting, Inc., 525103 (STF)

01/01/06 to 12/31/08, \$37,382.00 Tax

Action: Deny the petition for rehearing as recommended by the Appeals Division.

**CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT**

The Board deferred consideration of the following matter: *Todd Bentley and Kate Bentley, 593582.*

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Thursday, May 22, 2014

April Mottahedeh, 599752

2009, \$1,337.00 Tax, \$334.25 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Tony Aguilar, 738702

2008, \$1,026.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Scott Ambrose and Wendy Ambrose, 676541

2011, \$300.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Christine Asnaran, 660078

2007, \$557.00 Claim for Refund

2008, \$67.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

William C. Burns and Linda Converse-Burns, 742213

2011, \$863.31 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

California Creative Foods, Inc., 595861

2010, \$19,375.13 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Manuel De La Torre, 739089

2009, \$576.00 Tax, \$115.20 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board.

Jonie B. Dodgens, 716520

2004, \$1,024.00 Tax, \$256.00 Late Filing Penalty

2005, \$20,605.00 Tax, \$5,151.25 Late Filing Penalty, \$4,121.00 Accuracy-Related Penalty

2006, \$22,770.00 Tax, \$4,554.00 Late Filing Penalty, \$4,554.00 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board.

Joseph D. Funkey and Susan L. Funkey, 577563

2005, \$3,829.00 Assessment

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

David Hauber, 711188

2010, \$569.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.



Thursday, May 22, 2014

Sheng-Yu Ko, 603614

2008, \$3,986.00 Tax, \$996.50 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board.

Thomas A. Lee III, 610609

2007, \$546.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Billie Jo Ann Llenas, 717025

2010, \$1,635.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Albert H. MacKenzie and Hideko MacKenzie, 606115

2007, \$1,105.00 Assessment

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Carole L. McKee-Livingston (Schnugg) and Mark T. Livingston, 427529

1998, \$4,516.00 Tax, \$1,097.67 Post Amnesty Penalty

Action: Sustain the action of the Franchise Tax Board.

Gordon C. Merrick and Julie Nikceovich, 573097

2002, \$93,833.00 Tax, \$18,766.60 Accuracy-Related Penalty, \$5,457.93 Proposed Post Amnesty Penalty

2003, \$147,817.00 Tax, \$29,563.40 Accuracy-Related Penalty

Action: Modify the action of the Franchise Tax Board.

Christopher J. Nelson and Nancy L. Nelson, 613625

2004, \$4,176.00 Assessment, \$178.00 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Nestor Nieves and Lucy Nieves, 740002

2008, \$56,809.00 Tax, \$11,361.80 Accuracy-Related Penalty

Action: Sustain the action of the Franchise Tax Board as modified by its concessions.

Palm Springs Industrial Development, L. P., 673144

2009, \$5,750.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Rachel Raasch, 738585

2008, \$762.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Thursday, May 22, 2014

Michael Ramsey, 606120

2007, \$1,437.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Brandon W. Ricks, 625450

2006, \$1,124.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Lincoln L. Saul and Maureen E. Saul, 720758

2006, \$6,400.00 Claim for Refund

2007, \$6,095.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Joleen Soo, 713619

2007, \$1,070.00 Assessment

Action: Sustain the action of the Franchise Tax Board as modified by its concessions.

Randy Stanley and Stephanie Stanley, 609454

2006, \$3,506.00 Assessment

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

The Soft Forge, Inc., 717054

2010, \$216.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Alvin Tjong, 643681

2006, \$553.77 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Top Vision Development, LLC, 704842

2010, \$864.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Didier Tran, 722786

2008, \$636.00 Assessment

Action: Sustain the action of the Franchise Tax Board as modified by its concessions on appeal.

Bayani B. Villena and Thelma F. Villena, 611230

2006, \$240.00 Claim for Refund

2007, \$664.00 Claim for Refund

2008, \$198.00 Claim for Refund

2009, \$493.00 Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Thursday, May 22, 2014

Todd Bentley and Kate Bentley, 593582

2004, \$132,041.00 Assessment

2005, \$206,508.00 Assessment

Action: The Board took no action.

Greg Karraker, 620604

2008, \$2,082.00 Assessment

Action: Modify the Board's order of October 29, 2013 to reduce the proposed assessment from \$2,082.00 to \$130.00, as conceded by the Franchise Tax Board, and deny the petition for rehearing.

Roslyn Kirk and Willis Kirk, 588344

2007, \$840.00 Assessment

Action: Deny the petition for rehearing.

Craig Norton, 693097

2010, \$1,648.00 Assessment

Action: Deny the petition for rehearing.

**SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTIES, DENIALS OF CLAIMS FOR REFUND, AND, GRANT-ONE DAY INTEREST RELIEF, CONSENT**

With respect to the Sales and Use Tax Matters, Redeterminations, Relief of Penalties, Denials of Claims for Refund, and, Grant-One Day Interest Relief, Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Cemex Construction Materials Pacific, LLC, 796175*; the Board made the following orders:

Lithographix, Inc., 594527 (AS)

01/01/06 to 12/31/08, \$938,069.64

Action: Approve the redetermination as recommended by staff.

D'Anna Yacht Center, Inc., 627009 (CH)

10/01/08 to 03/31/11, \$300,155.40

Action: Approve the redetermination as recommended by staff.

TCK United Furniture, Inc., 592711 (KH)

07/01/06 to 06/30/09, \$177,876.07

Action: Approve the redetermination as recommended by staff.

Cabwest, LLC, 719315 (OH)

10/01/07 to 12/30/07, \$122,897.00

Action: Approve the redetermination as recommended by staff.

Thursday, May 22, 2014

Resonetics, Inc., 460706 (OH)

04/01/99 to 12/31/06, \$208,551.41

Action: Approve the redetermination as recommended by staff.

Gelson's Markets, 796920 (AA)

07/01/13 to 09/30/13, \$113,693.20

Action: Approve the relief of penalty as recommended by staff.

Cemex Construction Materials Pacific, LLC, 796175 (OH)

10/01/13 to 12/31/13, \$226,602.00

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

KCI USA, Inc., 624009 (OH)

01/01/08 to 12/31/09, \$80,065.48

Action: Approve the denial of claim for refund as recommended by staff.

Union Pacific Railroad Company, 734429 (OH)

01/01/11 to 03/31/13, \$115,692.10

Action: Approve the denial of claim for refund as recommended by staff.

Cardinal Health 200, Inc., 554616 (OH)

01/01/05 to 09/30/11, \$834,526.70

Action: Approve the denial of claim for refund as recommended by staff.

Lloyd Curtis Chittock, 796907 (KH)

10/01/13 to 10/31/13, \$43.52

Action: Approve the one day interest relief as recommended by staff.

Lloyd Curtis Chittock, 796906 (KH)

10/01/13 to 10/31/13, \$26.26

Action: Approve the one day interest relief as recommended by staff.

**SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS, CONSENT**

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Mandel not participating in accordance with Government Code section 87105 in *Buena Vista International, Inc.*, 790242; the Board made the following orders:

Circuit City Stores West Coast, Inc., 809827 (OH)

01/01/06 to 03/31/09, \$207,705.23

Action: Approve the credit and cancellation as recommended by staff.

Thursday, May 22, 2014

Woodward Hrt, Inc., 484298 (AR)

01/01/06 to 03/31/09, \$207,705.23

Action: Approve the refund as recommended by staff.

Henkels & Mc-Coy, Inc., 797521 (OH)

04/01/08 to 06/30/11, \$108,528.09

Action: Approve the refund as recommended by staff.

KCI USA, Inc., 624009 (OH)

01/01/08 to 12/31/09, \$869,934.52

Action: Approve the refund as recommended by staff.

Rush Truck Leasing, Inc., LSR, 611190 (UT)

07/29/09 to 07/29/09, \$158,700.00

Action: Approve the refund as recommended by staff.

Coso Junction Store, Inc., 771277 (DF)

07/01/10 to 06/30/13, \$146,454.06

Action: Approve the refund as recommended by staff.

Irvine Eurocars, LLC, 614406 (EA)

04/01/09 to 12/31/12, \$175,353.78

Action: Approve the refund as recommended by staff.

Buena Park Eurocars, LLC, 614403 (EA)

04/01/09 to 12/31/12, \$230,582.73

Action: Approve the refund as recommended by staff.

Long Beach Eurocars, LLC, 614408 (AA)

04/01/09 to 12/31/12, \$233,046.10

Action: Approve the refund as recommended by staff.

DFS SPV, LLC, 745211 (OH)

04/01/07 to 03/31/10, \$299,782.48

Action: Approve the refund as recommended by staff.

Union Pacific Railroad Company, 734429 (OH)

01/01/11 to 03/31/13, \$2,126,755.90

Action: Approve the refund as recommended by staff.

Cardinal Health 200, Inc., 554616 (OH)

01/01/05 to 09/30/11, \$1,951,025.44

Action: Approve the refund as recommended by staff.

Thursday, May 22, 2014

Borrego Solar Systems, Inc., 703784 (FH)

01/01/12 to 03/31/12, \$273,765.00

Action: Approve the refund as recommended by staff.

S &amp; R Architectural Metals, Inc., 786837 (EA)

07/01/09 to 06/30/12, \$532,283.11

Action: Approve the refund as recommended by staff.

Kern Schools Federal Credit Union, 744162 (DF)

04/01/12 to 12/31/12, \$118,405.00

Action: Approve the refund as recommended by staff.

TA Operating, LLC, 760078 (OH)

04/01/13 to 06/30/13, \$514,453.00

Action: Approve the refund as recommended by staff.

Alcatel-Lucent USA, Inc., 735462 (OH)

04/01/12 to 06/30/13, \$106,203.33

Action: Approve the refund as recommended by staff.

Buena Vista International, Inc., 790242 (OH)

01/01/10 to 06/30/10, \$101,022.50

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 87105.

**SPECIAL TAXES MATTERS, DENIALS OF CLAIMS FOR REFUND, CONSENT**

With respect to the Special Taxes Matters, Denial of Claims for Refund, Consent Agenda, upon a single motion of Ms. Yee, seconded by Ms. Mandel and unanimously carried, Mr. Horton, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Steel not participating in accordance with Government Code section 87105, the Board made the following order:

ConocoPhillips Company, 720766 (STF)

01/01/06 to 12/31/08, \$141,303.31

Action: Approve the denial of claim for refund as recommended by staff.

**SPECIAL TAXES MATTERS, CREDITS, CANCELLATIONS AND REFUNDS, CONSENT**

(Motion expunged.)

(Motion expunged.)

(Motion expunged.)

Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that its previous motions with respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, be expunged.

Thursday, May 22, 2014

With respect to the Special Taxes Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Steel not participating in accordance with Government Code section 87105 in *ConocoPhillips Company*, 710824; Ms. Mandel not participating in accordance with Government Code section 7.9 in *Massachusetts Mutual Life Insurance, Co.*, 790106; and, *Protective Life Insurance, Co.*, 790151; the Board made the following orders:

Eagle Energy, Inc., 528233 (STF)

02/01/06 to 05/31/09, \$1,672,932.35

Action: Approve the credit and cancellation as recommended by staff.

ConocoPhillips Company, 710824 (STF)

01/01/06 to 12/31/08, \$375,403.78

Action: Approve the refund as recommended by staff. Ms. Steel not participating in accordance with Government Code section 87105.

Massachusetts Mutual Life Insurance, Co., 790106 (STF)

01/01/12 to 12/31/12, \$768,668.00

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

Protective Life Insurance, Co., 790151 (STF)

01/01/12 to 12/31/12, \$1,175,000.00

Action: Approve the refund as recommended by staff. Ms. Mandel not participating in accordance with Government Code section 7.9.

#### **LEGAL APPEALS MATTERS, ADJUDICATORY**

General Industrial Tool & Supply, 281207 (AC)

01/01/00 to 12/31/02, \$7,105.38 Tax

Considered by the Board: October 31, 2013

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Runner, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

#### **CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY**

Affina Soft, LLC, 609944

2009, \$800.00 Tax, \$188.00 Late Payment Penalty, \$200.00 Notice and Demand Penalty, \$100.00 Late Filing Penalty, \$88.00 Filing Enforcement Fee

Considered by the Board: October 29, 2013

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Thursday, May 22, 2014

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board as modified by its concessions.

Tonja M. Jarrell, 571357

2005, \$682.16 Assessment

2006, \$5,486.73 Assessment

Considered by the Board: August 13, 2013

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted a decision modifying the action of the Franchise Tax Board.

Gaddam Reddy and Preetha Reddy, 623814

2005, \$8,595.00 Claim for Refund

Considered by the Board: February 25, 2014

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board adopted a decision sustaining the action of the Franchise Tax Board

## **TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**

### **PROPERTY TAX MATTERS**

#### **Audits**

Kerman Telephone Co. (246)

2010, \$200,000.00 Escaped Assessment, \$20,000.00 Penalties, \$66,000.00 In-lieu Interest

2012, \$1,000,000.00 Excessive Assessment

2013, \$600,000.00 Excessive Assessment

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

Nationwide Telecom, Inc. (8026)

2010, \$45,000.00 Escaped Assessment, \$4,500.00 Penalties, \$14,850.00 In-lieu Interest

2011, \$22,000.00 Escaped Assessment, \$2,200.00 Penalties, \$5,280.00 In-lieu Interest

2012, \$4,000.00 Escaped Assessment, \$400.00 Penalties, \$600.00 In-lieu Interest

2013, \$28,000.00 Escaped Assessment, \$2,800.00 Penalties, \$1,680.00 In-lieu Interest

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.



Thursday, May 22, 2014

**Calcatchers, Inc. (8113)**

2010, \$616,000.00 Escaped Assessment, \$61,600.00 Penalties, \$203,280.00 In-lieu Interest

2011, \$94,000.00 Escaped Assessment, \$9,400.00 Penalties, \$22,560.00 In-lieu Interest

2012, \$502,000.00 Escaped Assessment, \$50,200.00 Penalties, \$75,300.00 In-lieu Interest

2013, \$329,000.00 Escaped Assessment, \$32,900.00 Penalties, \$19,740.00 In-lieu Interest

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

**IntelPeer, Inc. (8118)**

2010, \$570,000.00 Excessive Assessment

2011, \$350,000.00 Excessive Assessment

2012, \$180,000.00 Excessive Assessment

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the audit adjustments as recommended by staff.

**Unitary Land Escaped Assessments**

**AT&T Mobility, LLC (2606)**

2010 to 2013, \$2,680,908.00 Unitary Land Escaped Assessment

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

**Board Roll Changes**

**2010, 2011, 2012 and 2013 State-Assessed Property Rolls**

Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee and Mr. Runner voting yes, Ms. Mandel not participating in accordance with Government Code section 7.9, the Board approved corrections to the 2010, 2011, 2012 and 2013 Board Rolls of State-Assessed Property as recommended by staff ([Exhibit 5.8](#)).

**OFFER-IN-COMPROMISE RECOMMENDATION**

Action: Upon motion of Ms. Steel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Offer in Compromise Recommendations of *Ali Altafi; Mary Teresa Autera; Amarjit Kaur Badesha; Jasvir Badesha; Luis Galo Biondi; Jesus Casillas, Jr.; Steven Michael Chack; Cynthia Diane Kiddoo; Soo Lei Choi; Barbara E. Conklin; Juanito Dakis; Alfredo DiNunzio; CMR Day Spa, LLC; Alfredo, LLC; Di Roma, LLC; Malek Karch; Boris Khodzhoyan; Camie Lynn Peachy; Robert Brooks Peterson; Victor Castillo Ruiz; Maria Adela Ruiz; Randal Torres; and, Westcoast Powercats, Inc.*; as recommended by staff.

Thursday, May 22, 2014

**CHIEF COUNSEL MATTERS****RULEMAKING****Section 100 Changes****Sales and Use Tax Regulation 1802, *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes***

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to update cross references in Regulation 1802 to make the regulation consistent with 2012 amendments to Regulation 1684 ([Exhibit 5.9](#)).

Action: Upon motion of Mr. Runner, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved authorization to make Rule 100 changes to Regulation 1802 as recommended by staff.

**ADMINISTRATIVE SESSION****ADMINISTRATIVE MATTERS, CONSENT**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board made the following orders:

Action: Adopt the following resolutions, extending its sincere and grateful appreciation to the retirees for their dedicated service to the State Board of Equalization and to the State of California, their congratulations on each retiree's well-earned retirement, and best wishes to them and their families for continued success, happiness and good health in the years to come ([Exhibit 5.10](#)).

John Huk, Business Taxes Administrator III, San Francisco Office  
Nancy Pin-Pin Li, Associate Tax Auditor, San Jose Office

Action: Approve the Board Meeting Minutes of April 22, 2014.

Action: Approve proposed revisions to the Compliance Policy and Procedures Manual Chapter 5, *Returns* ([Exhibit 5.11](#)).

Action: Adopted the property tax forms as presented by staff except form BOE-571-W ([Exhibit 5.12](#)).

Thursday, May 22, 2014

## **ADOPTION OF BOARD COMMITTEE REPORTS AND APPROVAL OF COMMITTEE ACTIONS**

### **Legislative Committee – May 22, 2014**

Action: Upon motion of Ms. Mandel, seconded by Ms. Steel and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Legislative Committee report and the actions therein ([Exhibit 5.13](#)).

### **Business Taxes Committee – April 22, 2014**

Action: Upon motion of Ms. Yee, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Business Taxes Committee report and the actions therein ([Exhibit 5.14](#)).

### **Business Taxes Committee – May 22, 2014**

Action: Upon motion of Ms. Mandel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Business Taxes Committee report and the actions therein ([Exhibit 5.15](#)).

### **Property Tax Committee – May 22, 2014**

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board approved the Property Tax Committee report and the actions therein ([Exhibit 5.16](#)).

## **OTHER ADMINISTRATIVE MATTERS**

### **Executive Director's Report**

Cynthia Bridges, Executive Director, provided a report regarding time extensions to Del Norte, El Dorado, Lake, Mariposa, Modoc, Tehama, Trinity and Yuba Counties to complete and submit the 2014/15 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155 ([Exhibit 5.17](#)).

Eric Steen, CROS Project Director, provided a report regarding the progress on the CROS project to replace BOE's two current tax legacy technology systems.

### **Sales and Use Tax Deputy Director's Report**

Jeff McGuire, Deputy Director, Sales and Use Tax Department, provided an update regarding the Sales and Use Tax Department's security deposit release process ([Exhibit 5.18](#)).

Thursday, May 22, 2014

**Property and Special Taxes Deputy Director's Report**

David Gau, Deputy Director, Property and Special Taxes Department, made introductory remarks regarding staff's recommendation for the 4-R Act Equalization Ratio for 2014/15 to ensure that rail transportation property is assessed at the same percentage of market value as all other commercial/ industrial property ([Exhibit 5.19](#)).

Action: Upon motion of Mr. Runner, seconded by Ms. Yee and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board set the 4-R Act Equalization Ratio at 76.38 percent for 2014/15 as recommended by staff.

**FINAL ACTION ON SALES AND USE TAX APPEALS HEARINGS HELD  
MAY 22, 2014**

James J. Barbera, Jr., 526563, 526564, 526565 (BH)

Final Action: Upon motion of Ms. Steel, seconded by Mr. Runner and unanimously carried, Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, the Board ordered that the negligence penalty be deleted, and that the petition otherwise be redetermined as recommended by the Appeals Division.

GEO G2 Solutions, Inc., 563641 (UT)

Final Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and duly carried, Mr. Horton, Ms. Yee, Mr. Runner and Ms. Mandel voting yes, Ms. Steel voting no, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

Mr. Horton made complimentary remarks regarding the awards, and thanked the staff for their hard work.

The Board adjourned at 5:35 p.m.

*The foregoing minutes are adopted by the Board on June 24, 2014.*

Note: The following matters were removed from the calendar prior to the meeting: *Joseph W. Valva and Marilyn K. Valva, 719017; Graeme Kling and Lora Kling, 612775; Hukilau San Francisco, LLC, 533841; SC Brokers, Inc., 600519; Customer Service and Administrative Efficiency Committee Report; and, Administration Deputy Director's Report - Expanding Government Services.*